

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2009-183-C**

**In Re:** )  
**Application of Inmate Calling Solutions, Inc.** )  
**d/b/a IC Solutions for a Certificate of Public** )  
**Convenience and Necessity to Provide** )  
**Interexchange Resold Institutional** ) **SETTLEMENT AGREEMENT**  
**Telecommunications Services and for** )  
**Alternative Regulation within the State of** )  
**South Carolina** )

This Settlement Agreement (“Settlement Agreement”) is made by and among the Office of Regulatory Staff (“ORS”) and Inmate Calling Solutions, LLC. (“ICSolutions” or “the Company”) (collectively referred to as the “Parties” or sometimes individually as “Party”);

WHEREAS, on May 21, 2009, ICSolutions filed its Application requesting (i) a Certificate of Public Convenience and Necessity be granted authorizing ICSolutions to provide resold interexchange telecommunications services throughout the State of South Carolina, pursuant to S.C. Code Ann. §58-9-280(B), as amended, 26 S.C. Reg. 103-823 and Section 253 of the Telecommunications Act of 1996; (ii) alternative regulation of its interexchange services, consistent with Order Nos. 95-1734 and 96-55 in Docket 95-661-C as modified by Order No. 2001-997 in Docket No, 200-407-C; (iii) for waiver of certain Commission Regulations, specifically Regulation 103-610 regarding location of records, (vi) a waiver of any requirement to maintain financial records in conformance with the Uniform System of Accounts (“USOA”);

WHEREAS on May 5, 2009, the Commission issued a Notice of Filing and Hearing and established a return date of June 5, 2009, for the filing of letters of protest or petitions to

intervene and established a hearing date of August 3, 2009, for the application to be heard before hearing examiner Randall Dong, Esquire;

WHEREAS, on July 22, 2009, the Company filed the direct testimony of Kenneth Dawson with the Commission;

WHEREAS, the purpose of this proceeding is to review the application filed by ICSolutions and its requests (i) for a Certificate of Public Convenience and Necessity to provide resold interexchange telecommunications services within the State of South Carolina; (ii) for alternative regulation of its interexchange services (iii) waiver of certain regulations of the Public Service Commission of South Carolina ("Commission"), specifically Regulation 103-610 regarding location of records; and (vi) a waiver of any requirement to maintain financial records in conformance with the Uniform System of Accounts ("USOA");

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of ICSolutions to provide the services requested in the Application;

WHEREAS, ORS has reviewed the Application and the financial data provided by ICSolutions, and ORS has calculated certain performance ratios based upon information provided by the ICSolutions;

WHEREAS, ORS has investigated the services to be offered by ICSolutions and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed tariffs submitted by ICSolutions;

WHEREAS, as a result of its investigations, ORS has determined (a) ICSolutions intends to offer resold interexchange telecommunication services; (b) the officers of ICSolutions possess sufficient technical and managerial abilities to adequately provide the services applied for; (c)

based upon the information provided and the analysis performed, ICSolutions appears to have access to sufficient financial resources necessary to provide the services proposed in its application; (d) ICSolutions' proposed tariffs with the amendments as agreed to in this Settlement Agreement comply with Commission statutes and regulations; (e) the provision of services by ICSolutions will not adversely impact the availability of affordable telecommunications services; (f) to the extent it is required to do so by the Commission, ICSolutions will participate in the support of universally available telephone service at affordable rates; and (g) interexchange services by ICSolutions will not adversely impact the public interest;

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket;

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

1) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the filed testimony of the Company's witness Kenneth Dawson without cross-examination by ORS.

2) The Company has requested a waiver of 26 S.C. Code Ann. Regs. 103-610 concerning the location of books and records. However, S.C. Code Ann. §58-9-380 (Supp. 2008) provides that:

Each telephone utility shall have an office in one of the counties of this State in which its property or some part thereof is located and shall keep in such office all such books, accounts, papers and records as shall reasonably be required by the Office of Regulatory Staff. No books, accounts, papers or records required by the ORS to be kept within the State shall be removed at any time from the State except upon such conditions as may be prescribed by the Office of Regulatory Staff.

ORS is agreeable to allowing the Company to maintain its books and records outside of the State of South Carolina in exchange for the Company agreeing to provide access to its books and records. ORS is agreeable to the Company maintaining its books and records at its principal offices in California and the Company agrees to notify the ORS of any change in the location of the principal office or in the location where the books and records are maintained. This provision of the Settlement Agreement shall not be construed as a waiver by ORS of S.C. Code Ann. § 58-4-55 (Supp. 2008) or § 58-9-1070 (Supp. 2008). ORS expressly reserves its rights to require the production of books, records and other information located within or outside of the State of South Carolina in order to carry out its duties in compliance with any state or federal regulation;

3) The Company has requested a waiver of any rule or regulation that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts (“USOA”). The Company acknowledges that S.C. Code Ann. § 58-9-340 (Supp. 2008) provides that the ORS may, in its discretion and subject to the approval of the Commission, prescribe systems of accounts to be kept by telephone utilities subject to the commission’s jurisdiction and that the ORS may prescribe the manner in which the accounts shall be kept and may require every telephone utility to keep its books, papers, and records accurately and faithfully according to the system of accounts as prescribed by the ORS. The Company agrees to keep its books, papers, and records in such a manner that permits ORS to audit revenues and expenses associated with its South Carolina operations for compliance with programs such as but not limited to the Universal Service Fund (“USF”), Interim LEC Fund, dual party relay service fund, and gross receipts. The Company agrees to complete the reporting forms for such programs as but not limited to USF, dual party relay service fund, Interim LEC, and gross receipts as may be required

by the ORS of telecommunications companies certificated to operate within South Carolina and as the reporting forms may be amended from time to time;

4) ORS does not oppose ICSolutions' requests for alternative regulation of its interexchange service offerings consistent with the procedures described and set forth in Orders 95-1734 and 96-55 in Docket No. 95-661-C as modified by Order No. 2001-997 in Docket No. 2000-407-C, specifically (i) regulation of these services listed above in the same manner as these services are regulated for AT&T Communications of the Southern States, Inc., (ii) removal of the maximum rate tariff requirements for ICSolutions' business services, private line, and customer network-type offerings, except in instances governed by Order No. 2001-997 which reinstituted maximum rates for surcharges and rates associated with certain intrastate operator-assisted calls; (iii) presumptively valid tariff filings for these interexchange services unless an investigation of a particular filing is instituted within seven (7) days, in which case the tariff filing will be suspended until resolution of the investigation or until further order of the Commission; and (iv) grant ICSolutions the same treatment as AT&T Communications of the Southern States, Inc. in connection with any future relaxation of reporting requirements;

5) With regard to the provision of inmate calling service for local and intraLATA calling, ICSolutions agrees not to charge rates any greater than the rates charged by the local exchange company at the time a call is placed. For interLATA calling, ICSolutions agrees not to charge operator charges greater than AT&T's operator charges and shall not charge usage charges that are greater than AT&T's operator station usage rates at the time the call is placed. Additionally, ICSolutions agrees to not complete automated collect calls only after receipt of affirmative acceptance by the called party. Also, ICSolutions shall not impose any subscriber surcharges on calls originating from inmate or correctional facilities;

6) For inmate calling services, call detail information submitted to the local Exchange company for billing purposes must include the PSP access line telephone number as assigned to the premise location by the local exchange company.

7) Where ICSolutions is providing the payphones in confinement facilities, ORS does not oppose the waiver of all Commission PSP guidelines which are inconsistent with the provision of inmate telephone services, including:

- (a) allowance of special blocking features to control fraud and harassment of members of the public by inmates;
- (b) allowing only automated collect calls;
- (c) blocking of calls to specific numbers;
- (d) allowance of certain calls free of charge;
- (e) limitation of duration of call;
- (f) prohibition of access to live operators ,carrier of choice ,and directory assistance;
- (g) exemption from providing access to outside emergency services, but the system should be configured to allow inmates to report emergencies to authorities within the facilities;
- (h) waiver of posting and operator disclosure requirements ;and
- (i) waiver of the rule requiring local and intraLATA calls be routed to the local exchange company 's operator;

8) ICSolutions agrees to resell the services only of those interexchange carriers authorized to do business in South Carolina by the Commission;

9) ICSolutions agrees that, except for calls placed from phones used by incarcerated persons within correctional facilities, it will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;

10) ICSolutions agrees to file necessary financial information as directed by the Commission or ORS for universal service fund reporting, dual party relay service fund reporting, interim LEC fund reporting, annual reporting, gross receipts reporting, and/or any other reporting

which may now or in the future be applicable to telecommunications providers such as ICSolutions. The Parties agree that such reports shall be filed pursuant to ORS' instructions and monies shall be remitted in accordance with the directions of the ORS and/or the Commission.

11) ICSolutions agrees to maintain its books and records in a manner that would permit ORS to examine any of ICSolutions' reports filed with the Commission and provided to ORS.

12) ICSolutions agrees to file with the Commission and ORS a completed authorized utility representative form within thirty (30) days of receipt of the Commission's order.

13) In the event that ICSolutions offers prepaid calling card services in the future, ICSolutions agrees that it shall obtain Commission approval and post a surety bond, irrevocable letter of credit or certificate of deposit in the amount of \$5,000 as required by the Commission;

14) In the event that the Company expands its authority and offers prepaid local exchange service, ICSolutions agrees to comply with South Carolina Regulation 103-697 in that they will obtain a bond, irrevocable letter of credit, or certificate of deposit per the Commission's request.

15) ICSolutions agrees to comply with the verification regulations governing change of preferred carriers as established by the Federal Communications Commission ("FCC"). ICSolutions agrees to comply with the marketing practices and guidelines established by the Commission in Order No. 95-658;

16) ICSolutions agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, to the extent applicable, ICSolutions agrees to adhere to the FCC's rule 47 C.F.R. § 64.1190 and 64.1130 regarding preferred carrier freezes

and the requirement that the form of the written authorization for the institution of the freeze be a separate or easily separable document. Prior to abandonment of service, ICSolutions shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

17) To the extent necessary, ICSolutions agrees to engage in good faith negotiations with non-BellSouth incumbent local exchange carriers whose networks interconnect with BellSouth at the same local tandem regarding traffic exchange;

18) It is understood and agreed that ICSolutions will not initially offer or provide any service that would implicate Title 23, Chapter 47 of the South Carolina Code Annotated regarding “Public Safety Communications Centers,” but in the event that ICSolutions in the future offers or provides a service to which Title 23, Chapter 47 of the South Carolina Code regarding “Public Safety Communications Centers,” also known as 911 services, ICSolutions agrees to comply with Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a “Public Safety Communications Center,” also known as 911 services.” At that time, ICSolutions agrees to contact the appropriate authorities regarding 911 services in the counties and cities where ICSolutions will be operating prior to initiating local service in South Carolina and shall provide the 911 coordinator in each county and/or city with information regarding ICSolutions’s operations.

19) ICSolutions agrees to comply with all rules and regulations of the Commission unless the Commission has expressly waived such rule or regulation;

20) ICSolutions agrees to file a final revised tariff with both the ORS and the Commission and the revised tariff shall reflect and be in accordance with ORS’ recommendations.



21) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes this Settlement Agreement reached among the Parties serves the public interest as defined above;

22) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and that the Commission take no action inconsistent with its adoption. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

23) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation.

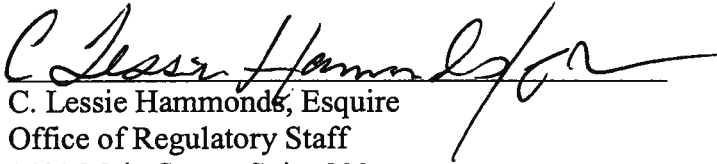
24) This Settlement Agreement shall be interpreted according to South Carolina law.

25) The Parties represent that the terms of this Settlement Agreement are based upon full and accurate information known as of the date this Settlement Agreement is executed. If, after execution, either Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Settlement Agreement is based, either Party may withdraw from the Settlement Agreement with written notice to the other Party.

26) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

WE AGREE:

**Representing the Office of Regulatory Staff**

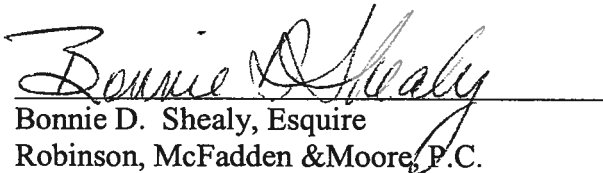


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7/29/09  
Date

WE AGREE:

**Representing Inmate Calling Solutions, LLC.**



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July 28, 2009  
Date


**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2009-183-C**

IN RE:    Application of Inmate Calling Solutions, LLC    )  
          d/b/a ICSolutions for a Certificate of Public    )  
          Convenience and Necessity to Provide        ) **CERTIFICATE OF**  
          Intrastate Resold Institutional                ) **SERVICE**  
          Telecommunications Services and for         )  
          Alternative Regulation within the State of    )  
          South Carolina                                    )

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **SETTLEMENT AGREEMENT** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Bonnie D. Shealy, Esquire  
Robinson, McFadden & Moore, P.C.  
Post Office Box 944  
Columbia, SC, 29202

Robin Norton, Consultant  
Technologies Management, Incorporated  
Post Office Drawer 200  
Winter Park, FL, 32790

  
\_\_\_\_\_  
Chrystal L. Morgan

July 29, 2009  
Columbia, South Carolina